



Out of Pocket Expenditures 2004-2006

September 2008

California Managed Risk Medical Insurance Board

Benefits and Quality Monitoring Division





California Managed Risk Medical Insurance Board

Healthy Families Program (HFP)

MRMIB provides and promotes access to affordable coverage for comprehensive, high quality, cost effective health care services to improve the health of Californians.

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INTRODUCTION

Federal law (Title XXI) limits the sum of premiums plus copayment expenses to no more than five percent (5%) of annual household income for children enrolled in the State Children's Health Insurance Program (SCHIP). The Healthy Families Program (HFP), California's SCHIP, has assured compliance with these requirements by limiting the total amount of copayments incurred per family for health services to no more than \$250 per benefit year (Insurance Code Section 12693.615). Regardless of family size, the maximum copayment amount for health services is \$250 per family. Families that reached the \$250 health copayment maximum for the 2004-2005 and 2005-2006 benefit years on average had 2 children.

Copayments and premiums incurred by families who reach the \$250 health copayment maximum are added together to determine each family's total out-of-pocket expenditures. Total expenditures are then compared to household income to determine if the total out-of-pocket expenditures exceed five percent (5%) of household income. MRMIB reviews this data annually to ensure compliance with the Federal law. Copayments for dental and vision services are not subject to the \$250 maximum.

MONITORING COPAYMENTS

The design of the HFP benefits package requires subscribers to pay a \$5 copayment for certain health, dental and vision benefits at the time services are provided. HFP benefits that do not require copayments include: preventive health and dental services, immunizations, medical transportation, inpatient care, sealants, and preventive and restorative dental procedures. Services that require copayments include: physician office visits, acupuncture, chiropractic and biofeedback services, prescription drugs, outpatient mental health and substance abuse services, eye examinations, prescription glasses, and root canals, crowns and bridges.

Each health plan reports annually on the number of HFP subscribers who incurred at least \$250 in copayments. MRMIB also requires dental and vision plans to report the amount of copayments incurred for dental and vision services by those HFP members who incurred \$250 for health services copayments.

HFP families must keep records of their copayments for each benefit year and notify their health plans when they have reached the copayment maximum. Once families demonstrate to their health plans that they have incurred the maximum amount, no further copayments are required for health services. Health plans reimburse those families who demonstrate they have incurred more than \$250 in health services copayments.

RESULTS OF ANALYSIS

Copayments by Plan

Of the 26 participating health plans in 2004-05 and 2005-06, 12 had at least one family who reached the \$250 copayment maximum, while 14 health plans reported that no subscribers reached the copayment maximum. The difference in the numbers of families reported by the health plans could be due to differences in administrative systems and how the plans report the data.

Table 1 shows the breakdown of the families for each of the 12 plans.

Table 1 - Families Reaching \$250 Maximum Copayment by Plan

Plan Name	Number of Families Reaching \$250		Number of Children Within Families		Percentage of Plan Enrollment	
	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06
Alameda Alliance for Health	12	1	32	1	0.36%	0.01%
Blue Cross EPO	6	5	14	13	0.01%	0.01%
Blue Cross HMO	4	2	14	6	0.01%	0.005%
Blue Shield EPO	21	11	57	22	1.02%	0.35%
Blue Shield HMO	106	42	192	74	0.52%	0.21%
Central Coast Alliance for Health	3	5	3	11	0.15%	0.49%
Community Health Plan	30	1	75	2	0.28%	0.01%
Contra Costa Health Plan	8	14	20	42	0.61%	1.31%
Kaiser Permanente	79	100	80	205	0.10%	0.21%
Kern Health Systems	40	38	113	106	1.20%	1.05%
Santa Barbara Regional Health Authority (CenCal Health)	0	7	0	21	0.00%	1.12%
Universal Care*	25	0	55	0	0.72%	0.00%
Ventura County Health Plan	1	5	4	13	0.13%	0.46%
Total:	335	231	659	516	0.09%	0.07%

* Universal Care did not participate in HFP during the 2005-06 benefit year.

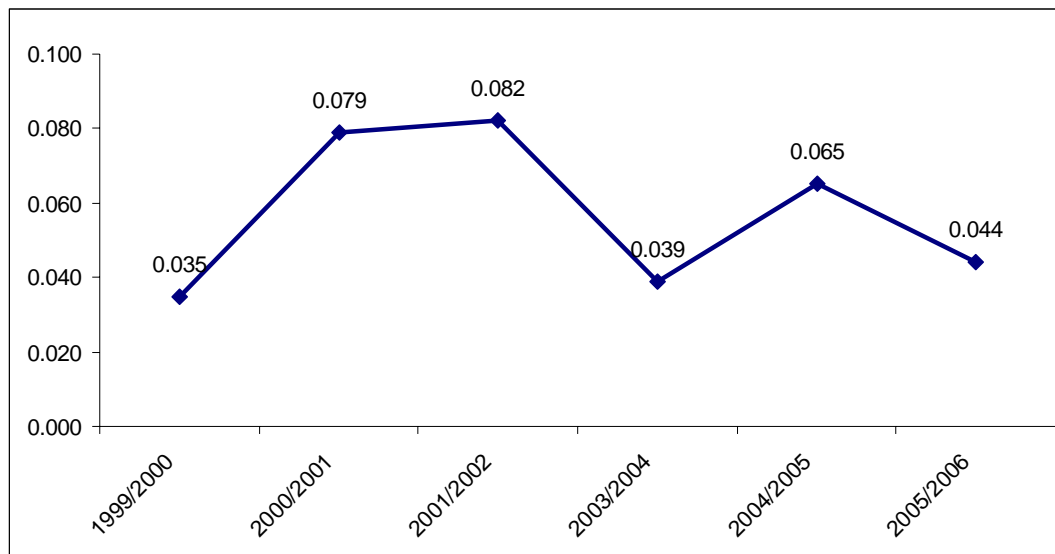
During the 2004-05 benefit year, 518,413 families (representing nearly 750,000 children) were enrolled in HFP. Of those, plans reported 335 families (0.065 percent) incurred the maximum health services copayment. During the 2005-06 benefit year, 521,331 families (representing nearly 770,000 children) were enrolled in HFP. Of those, plans reported 231 families (0.044 percent) incurred the maximum health services copayment.

In both benefit years, less than one-tenth of one percent (<0.1) of children enrolled in HFP incurred health services copayments of \$250.

**Healthy Families Expenditure Report
2004/2005 and 2005/2006**

Chart 1 shows the percentage of HFP families reaching the \$250 health services copayment maximum from 1999-2006. The percentage of California HFP members paying the maximum amount in copayments has been consistently small throughout the history of the Program.

Chart 1. Percentage of Families Reaching \$250 Copayment Maximum (1999-2006)



Note: MRMIB did not produce a report for the 2002/2003 benefit year.

Income and Expenditures

Table 4 shows income and total expenditure information for families enrolled in the HFP who reached the \$250 annual health copayment maximum during the July 1, 2004 to June 30, 2005 and July 1, 2005 to June 30, 2006 benefit years. Total expenditures per family ranged from .76 percent to 3.3 percent of household income, well below the five percent (5%) maximum allowed by law.

Table 2. Income Profile of Families Reaching \$250 Maximum Copayment

Category	Number of Families		Average Annual Income		Average Premiums plus Copayments		% of Annual Income	
	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06
Total Families Reaching \$250 Health Copayment	335	231	\$34,657	\$33,778	\$497	\$518	1.51%	1.60%
Families With Health & Dental Copayments	6	9	\$29,013	\$37,002	\$441	\$595	1.66%	1.74%
Families With Health & Vision Copayments	119	85	\$35,769	\$34,744	\$511	\$568	1.51%	1.71%
Families With Health, Dental & Vision Copayments	3	5	\$38,056	\$43,808	\$505	\$680	1.35%	1.59%

For the 2004-05 benefit year, as a percent of average household income, the average out-of-pocket expenditure including all copayments and premiums increased slightly to 1.51 percent from 1.27 percent in 2003-04. For the 2005-06 benefit year, the average total expenditures slightly increased to 1.60 percent.

Table 5 shows the percentage of families who met the \$250 health services copayment maximum by Federal Poverty Level (FPL) category.

Table 3. Families Who Reached the \$250 Copayment Maximum by FPL

FPL	Families Reaching \$250 in Copayments	
	2004-05	2005-06
100% -150%	29.0%	28.6%
150% - 200%	43.6%	50.2%
200% - 250%	27.5%	21.2%

Demographics

Due to the small number of families who reached the \$250 health services copayment maximum, reliable conclusions could not be reached about demographics such as ethnicity and language and therefore, are not included in this report.

CONCLUSION

After 10 years, the Healthy Families Program continues to provide affordable health, dental and vision services to low income families. Although the HFP premium amounts increased during the 2005-06 benefit year for families with an annual income between 201 and 250 percent of the Federal Poverty Level, no family enrolled in the Healthy Families Program incurred out-of-pocket expenses that exceeded five percent (5%) of their household income. In fact, the percentage of household income spent by HFP families for copayments and premiums did not exceed 3.3% in either the 2004-05 or 2005-06 benefit years. No family has exceeded five percent (5%) of their household income in the 10 year history of the program. Further, by setting a maximum copayment amount of \$250 per family, it is virtually impossible for any family in the HFP to exceed the federal out of pocket maximum of five percent (5%) of household income.